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ST. LOUIS

APR 05 2000

Payments Quarterly

Spring 2000

News and Views
on Eighth District
Financial Services

Celebrate the Benefits of Direct Deposit

Mark your calendars and join in the celebration of National Direct Deposit and Direct Payment Week, to take place May 15-19. Throughout this week, the Federal Reserve, NACHA, the U.S. Treasury and the ACH associations will partner with financial institutions across the country to heighten consumer awareness of the benefits of Direct Deposit and Direct Payment.

This year's campaign casts a special spotlight on Direct Deposit in order to attract new customers. Research shows that this product is more readily accepted by those who have never used electronic payments. Your institution can promote Direct Deposit Week using materials available through



the Automated Payments Partnership (the Partnership), a 13-state alliance that conducts educational campaigns to increase the use of ACH payments.

To help you get started, they have assembled a kit that includes everything you need to conduct a successful lobby promotion for Direct Deposit, including fliers, teller tents and stickers, a poster and a continuous-loop video. This kit is *free* and contains colorful mate-

the benefits of Direct Deposit. These resources may be the motivation many organizations need to start promoting electronic payments.

To preview these kits, visit the Partnership's web site at www.appartnership.org or call Cheryl McCarthy in St. Louis at (314) 444-8459. For more ideas on promoting National Direct Deposit and Direct Payment Week, check out www.directdeposit.org/dd1.html.

rials to catch your customers' attention as they conduct business in your lobby. Promoting Direct Deposit couldn't get any easier.

You also can order a promotional kit to offer to corporate customers. Similar to the package described already, this kit contains tools to help businesses educate their employees about

Enjoy Lower Electronic Services Fees in 2000

The Year 2000 fee changes for Federal Reserve services are effective Monday, April 3. As you may recall, the Federal Reserve System elected to defer its annual price changes to accommodate financial institutions' efforts to prepare for the Year 2000 and leap year rollovers. A listing of several

of the significant price changes follows.

- Prices across all electronic payment services will decline, reflecting lower fees for Fedwire funds and securities online transfers, as well as ACH transactions. Fees will remain *unchanged* for electronic

access options, the Fedwire-based net settlement service, and purchase and sale transactions.

- Because of the additional cost of processing offline funds and securities trans-

continued on Page 2

Two New Check Services Available

As part of the Federal Reserve's effort to introduce electronic services tailored to its customers' needs, the St. Louis Fed announces the debut of two new check products.

Once offered only by certain Reserve Banks, **Electronic Cash Letters** will soon be available to depository institutions throughout the Eighth District. By choosing the electronic option instead of the paper process, an institution can lower its check clearing costs.

To deposit a cash letter electronically, a financial institution must create an electronic file containing MICR line information and deposit totals. This file is then forwarded to the Fed via FedLine® or a Computer Interface connection by the

paper deposit deadline. Eighth District institutions that take advantage of this service will receive a \$0.001 discount per item.

Electronic cash letter services will begin April 3 at all offices. Contact your local account executive or customer service representative to determine which types of deposits are eligible.

Basic Early MICR, another new product, was developed in response to a customer's need to receive information on its check presentments before its Reserve Bank's normal MICR information delivery—approximately 7:30 a.m. CST for RCPC institutions. Now available in the Eighth District, this service may be particularly appealing to large institutions that would like to

identify potential fraud or overdraft situations as early as possible.

When an institution subscribes to this service, the Fed transmits the MICR line data from checks drawn on the institution that have been processed by established deposit deadlines. This information is then available between

11 p.m. and 4 a.m. CST. The daily fixed fee for this service is \$15, and the per-item fee is \$0.007. Your local account executive or customer service representative can provide more information.

continued from front page

fers, surcharge increases will range from \$2 to \$5.

- Forward collection fine sort fees will remain unchanged; however, the Eighth District is adopting a new standard fee range for return item, fine sort products. Specifically, City and RCPC fine sort packages will be priced at \$10, City fine sort items at \$0.10 and RCPC fine sort items at \$0.12.

Additionally, there will be per-item fee increases for selected check services, including the Nationwide City Sort and Unsorted City Regular products. Detailed price changes for each office are available in the Federal Reserve's 2000 Services & Fees packet.

- An electronic cash letter (ECL) deposit option will be introduced for most forward collection products. ECL deposits arriving by the published deposit deadlines, and in accordance with specific deposit guidelines, will receive a \$0.001 discount.
- Fees for municipal bond collections will decrease to \$40 from \$50 per bond, and the per-envelope fee for deposits containing six to 50 coupon envelopes will decrease to \$2.50 from \$3.
- There are no price changes for cash services across the District.

New Services & Fees packets containing complete 2000 price listings

for all Fed services have been mailed to all financial institutions in the Eighth District. Pricing information is also available online at www.frbstlouis.org. Contact your local account executive for additional information.

Branching Out

Getting Back to Business after Y2K

We can all breathe a big sigh of relief—Y2K is a thing of the past. Now that the hours of planning and hard work are behind us, it's time to focus on the projects that have been put on hold for the last few years. We would like to suggest a few ways that your institution can take advantage of available resources.

Take Another Look at Fed Services

Are you getting the biggest "bang for your buck" with your correspondent services? Now is a good time to take a step back to determine if there are changes that you can make to improve operations and lower costs.

Your Fed account executive can create a comparative cost analysis for your institution that shows how the Fed's fees stack up to the fees that you are currently paying for correspondent services. Based on the cost analysis, your account executive can also suggest ways that your institution can save money and even improve the services that you provide to your customers.

Contact your account executive if you are interested in receiving a cost analysis for your institution.

Join an ACH Association

Is your institution interested in providing or promoting electronic payments but not sure that you have the resources? Why not consider joining an ACH association?

Associations such as Mid-America Payment Exchange

(MPX) and Southern Financial Exchange (SFE) can support your efforts to provide electronic services for your customers. These two regional organizations offer assistance to financial institutions on virtually any ACH-related issue, from how to start originating ACH to the more complicated procedures for conducting an ACH audit. Both organizations also offer operational assistance, training classes and educational materials for your employees, as well as promotional items for external marketing.

Missouri, Illinois, Indiana, Kentucky and western Arkansas fall under MPX's territory; Tennessee, Mississippi and eastern Arkansas are part of SFE's region. (See box at left for contact information.)

Get Online

Does your institution take full advantage of the information available on the Internet? The Federal Reserve and other financial services organizations offer a wealth of resources online, including customer publications, brochures, operations manuals, regulations and much more. Here are a few noteworthy sites you might like to bookmark:

www.frbervices.org—This site offers a wide range of information on the Federal Reserve's financial services, including product descriptions, fee schedules and regional contact information.

www.stls.frb.org—The St. Louis Fed's Internet site

contains information on local Fed services, Eighth District publications and regulatory changes, as well as news on community affairs and economic research.

www.nacha.org—NACHA's site offers the latest information on electronic payments, including ACH rule amendments, pilot programs and industry conferences.

www.directdeposit.org—Send your business and consumer customers here to learn about electronic payments.

www.treas.gov—The U.S. Treasury's site is a great starting point for finding information on Treasury Bureaus such as the U.S. Mint, Bureau of Engraving and Printing, or the Financial Crimes Enforcement Network.

www.bai.org—The Bank Administration Institute is the industry's premier provider of financial services information, training courses and educational materials.

www.appartnership.org—This site provides information on the Automated Payments Partnership, a multi-state alliance that conducts ongoing ACH marketing and educational campaigns (see article on front page for more information on the Partnership).

Regional ACH Associations

Mid-America Payment Exchange (MPX)
324 East 11th Street
Suite 2400
Kansas City, MO
64106-2417
(816) 474-5630
or 1-800-500-0100
www.mpx.org

Southern Financial Exchange (SFE)
1340 Poydras Street
Suite 2010
New Orleans, LA
70112-1221
(504) 525-6779
www.sfe.org

ReserveNotes

Revised Green Book Coming This Spring

In April, the U.S. Treasury will publish a revised *Green Book*, the procedures manual for financial institutions processing federal payments and collections through the ACH network. The revised *Green Book* will include recent modifications to regulation 31 CFR 210, "Federal Government Participation in the Automated Clearing House," which incorporates NACHA's ACH rules.

This spring, each Eighth District financial institution will receive one copy of the publication. The book will also be available on CD-ROM by request to the Fed or U.S. Treasury. The current *Green Book* is available on the Internet at www.wespay.org/pubs.html.

Fedwire Directory Now Available Online

The Fedwire Directory, which offers current and accurate routing information for each Fedwire participant, is now available on the Internet free of charge. The directory lists each

Fedwire participant's name and telegraphic name, city and state, routing number and eligibility for funds and securities transfers.

The online Fedwire Directory will replace the paper-based version. It offers several advantages including daily updates, search capabilities and a file download option. Paper copies of the directory, as well as copies on tape and diskette, are available upon request for a \$50 fee.

The Federal Reserve will continue to provide daily broadcast messages of directory changes to interested customers. Fedwire customers who conduct funds and/or securities transfer business using FedLine® software may also request a machine-readable copy of the new directory via Bulkdata file transmission.

The Fedwire Directory may be found on the Internet at www.fedwiredirectory.frb.org. It is also available through our Financial Services web site at www.frbervices.org. For more information, contact Cheryl

Whitworth in St. Louis at (314) 444-8612.

TIP and PATAX Material on the Way

In February, the St. Louis Fed held one-day educational seminars for Eighth District institutions on the Treasury Investment Program (TIP) and Paper Tax System (PATAX). These two new applications will enhance the current Treasury Tax and Loan (TT&L) program beginning in July.

Over the next several months, TT&L Note and Remittance Option institutions will receive materials to prepare them for the TIP and PATAX debuts, including a reference guide, a FedLine® tutorial and a pamphlet describing ways to reduce Advice of Credit (AOC) and Federal Tax Deposit (FTD) processing errors and adjustments.

Watch for more on TIP and PATAX in the upcoming months.

Calendar

Memphis Check Adjustments Workshops

This half-day workshop will cover all aspects of check adjustments, from completing request forms to understanding how cases are researched and resolved. Further information will be sent to Memphis customers as the date approaches.

April 27—Memphis Fed

Morning session—
8:30 a.m. to 11:30 a.m.

Afternoon session—
1 p.m. to 4 p.m.

Account Management Seminars

Each full-day workshop will focus on Federal Reserve account structure and maintenance issues, including reserve requirements, overdrafts and mergers. Contact Rebecca Roberts in St. Louis at (314) 444-8892 for more information.

June 15—St. Louis

June 28—Little Rock

June 29—Memphis

July 11—Louisville

New Voice Response System for TT&L Coming in July

On July 10, the Fed will implement a new voice response system for the Treasury Tax and Loan (TT&L) program. Dubbed the TT&L National Voice Response System, it will replace EDITH as the method for submitting Advice of Credit (AOC) Form 2284 information. The new system is being introduced as part of the implementation of two new TT&L applications, the Treasury Investment Program (TIP) and the Paper Tax System (PATAX).

The TT&L National Voice Response System is to be used only for the TT&L program. Institutions will continue to use EDITH to receive check totals, submit cash orders and process ACH returns and Notifications of Change (NOCs). Starting July 10, however, TT&L functionality will be removed from EDITH, and a message will remind callers to use the new system to process AOCs.

The new system performs two key functions: It allows users to enter AOC information and provides informa-

tion on the percent and due date of pending Treasury withdrawals. Financial institutions can obtain additional TT&L account information by soliciting reports through FedLine® software or by reviewing the end-of-day statement automatically delivered via FedLine. We recommend that institutions that typically use only FedLine for AOC entry also sign up for the new voice response system as a backup.

In April, institutions that use EDITH to enter AOCs will receive a mailing that

provides instructions for using the TT&L National Voice Response System and outlines a new security process controlled by a Local Security Administrator designated by each financial institution. The mailing will also announce a period between May and June when users may practice accessing the new system.

If you have any questions, call Julie Dalton in St. Louis at (314) 444-8322, or the new EAS toll-free number, 1-800-333-0871.

Fed Unveils Suite of National Check Products

To provide its customers with a consistent portfolio of nationwide electronic check products, the Federal Reserve recently announced a System-wide standardization effort. Effective April 3, the names, definitions and billing codes for core nationwide electronic check products will be uniform among all 12 Fed districts.

The move is a direct response to requests for product consistency from the growing number of financial institutions that use the services of multiple Reserve Banks. By creating common payor billing codes and descriptions for the standard line of electronic check products, the Fed

hopes that financial institutions will find it easier to reconcile their billing statements and manage their electronic check services more efficiently.

The first step in defining the standard products was to classify all products into one of three categories:

- national products with national definitions (to be offered by all Reserve Banks),
- national products with a local option (to be offered at the discretion of each Reserve Bank), and
- local products with local definitions.

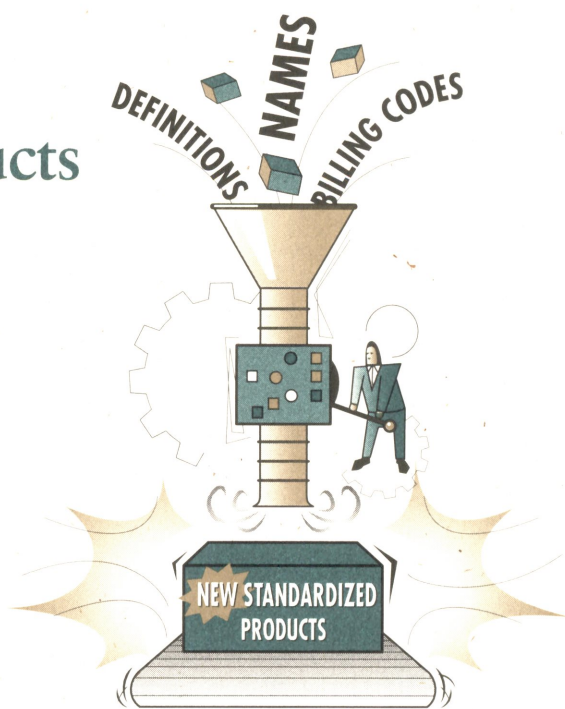
Once the products were classified, consensus was reached regarding which products to offer, how to

define them and how to price them. Every effort was made to accommodate unique offerings within the System, while at the same time meeting the primary objective of developing a standard list of electronic check products.

As a result, you will notice two changes in our District's fee structure this April. First, you will no longer be charged either a minimum daily fee or a per-item fee based on volume. Instead, we will charge fixed daily and per-item fees, regardless of volume.

Second, the practice of bundling electronic reject repair items into the MICR Presentment product will be discontinued. Instead, you will be billed for all reject items electronically repaired under the MICR Presentment product.

For a complete list of nationwide electronic check products and detailed product information, see the Fed's Financial Services web site, www.frbstlouis.org. If you have questions or comments about the Fed's standardization effort, contact your local account executive.



The following chart lists each national Fed service that will be billed under a new standard name.

SERVICE	BILLING NAME
PRESENTMENT SERVICES	
MICR Presentment Plus	Presentment Plus
INFORMATION SERVICES	
Basic Early MICR Information	Early MICR – Basic
Key Account Totals	Account Totals
PRESENTMENT POINT SERVICES	
Basic Primary Presentment Point Service	Primary Presentment Point – Basic
Enhanced Primary Presentment Point Service	Primary Presentment Point – Enhanced
Basic Alternate Presentment Point Service	Alternate Presentment Point – Basic
Enhanced Alternate Presentment Point Service	Alternate Presentment Point – Enhanced
FINE SORT SERVICES	
Same Day Settlement Fine Sort Processing	SDS Fine Sort
ELECTRONIC CASH LETTER PRODUCTS	
City Regular Electronic Cash Letter (ECL)	City Regular – ECL
RCPC Regular Electronic Cash Letter (ECL)	Regular RCPC – ECL
RCPC Premium Electronic Cash Letter (ECL)	Premium RCPC – ECL
High Dollar Group Sort Electronic Cash Letter (ECL)	HDGS – ECL
Other Fed Electronic Cash Letter (ECL)	Other Fed – ECL
Nationwide City Sort Electronic Cash Letter (ECL)	Nationwide City Sort – ECL
Mixed Deposit Electronic Cash Letter (ECL)	Mixed – ECL
Country Regular Electronic Cash Letter (ECL)	Regular Country – ECL
Country Premium Electronic Cash Letter (ECL)	Premium Country – ECL

New Little Rock CSR Eager to Serve Customers

Nearly 10 years of experience in budgeting, accounting and financial services, coupled with a winning attitude and dynamic personality, makes David Birch a perfect addition to the St. Louis Fed's customer service team. Birch, the new customer service representative (CSR) at the Little Rock Branch, holds a bachelor of science degree in business administration from Arkansas Tech University.

Before joining the Fed in February, Birch managed the campus police department's budget and accounts at the University of Central Arkansas. He also served as the department's information systems coordinator.

Prior to that position, Birch was an accounting technician for the university.

Birch also has experience in the banking industry. Serving as a teller at First National Bank in Russellville, Ark., he had the opportunity to interact closely with consumers and develop exceptional customer service skills.

"I have a strong commitment to making sure that my customers are satisfied," says Birch. "My accounting and financial services background provides a strong foundation for my new position at the Fed."

Birch is anxious to learn about the Fed's financial services. "I'm looking forward to becoming an expert

on Fed products and the benefits they offer," explains Birch. "This understanding will give me the opportunity to build strong, positive relationships with our Arkansas customers."

The Little Rock Fed encourages its customers to call Birch with any financial services questions or issues at (501) 324-8265.

A Phone Call Away

If you have questions or comments, let us pay for the call. Our toll-free phone numbers and customer service representatives are:

St. Louis Office

1-800-333-0810

Bobbi Antoff

(314) 444-4259

Little Rock Office

(in Arkansas)

1-800-482-9463

(outside Arkansas)

1-800-332-0813

David Birch

(501) 324-8265

Louisville Office

(in Kentucky)

1-800-292-3596

(outside Kentucky)

1-800-626-4507

Butch White

(502) 568-9224

Memphis Office

(in Tennessee)

1-800-552-5132

(outside Tennessee)

1-800-238-5293

Chandra Hester

(901) 579-2435

Volume 5, Number 1

Payments Quarterly is published quarterly by the Financial Services Office of the Federal Reserve Bank of St. Louis. If you would like to obtain additional copies or want others at your organization to receive *Payments Quarterly*, contact Debbie Keeton at (314) 444-8946.

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